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Kuwait

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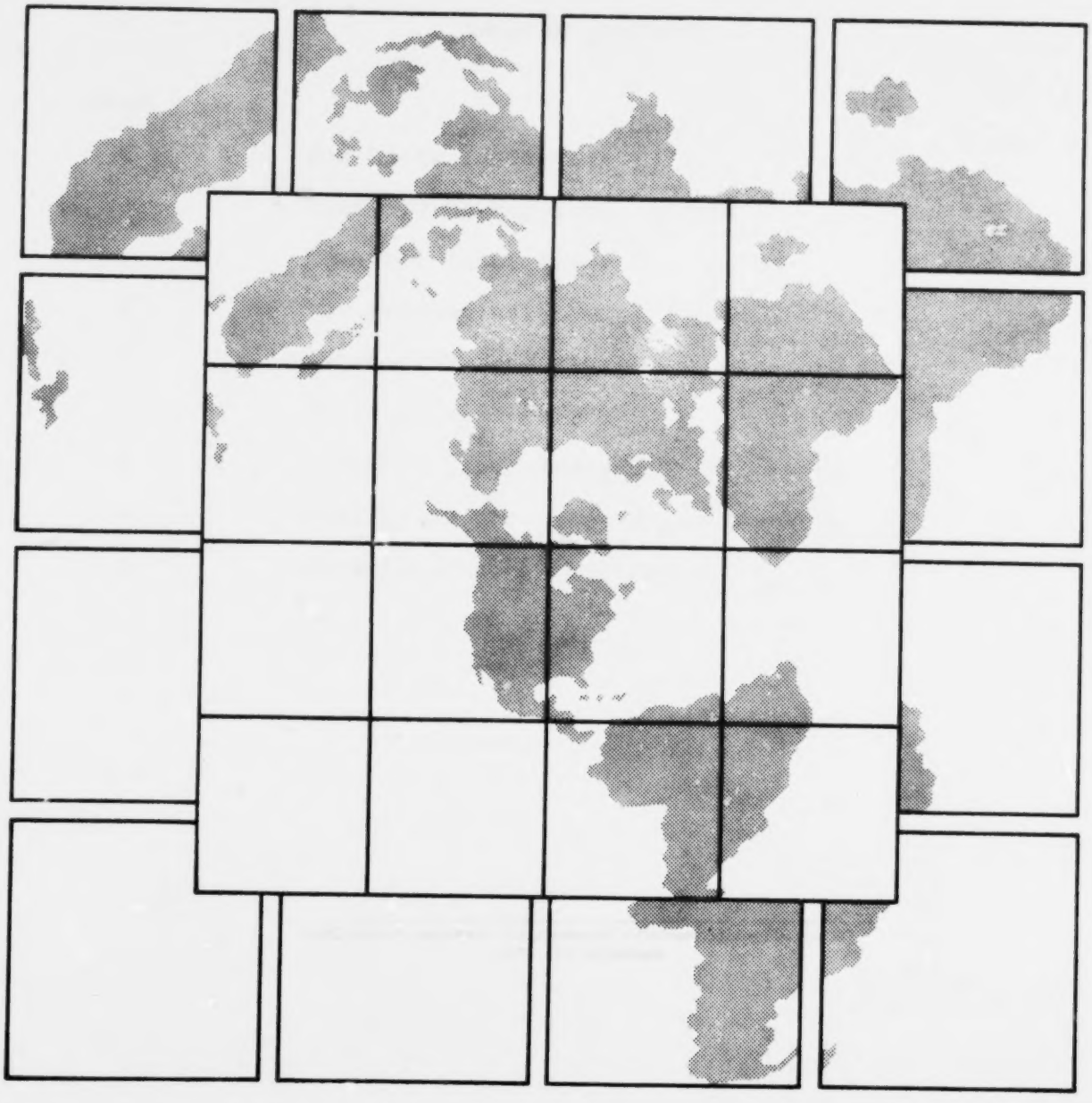

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FOREIGN LABOR TRENDS REPORT

KUWAIT

1987-88

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KEY LABOR INDICATORS

ECONOMIC DATA

(Million US$ unless noted otherwise)

	1985	1986	1987
GDP at current prices	19,673	17,205	18,650 E*
Per capita GDP ($)	11,490	9,606	9,960 E*
Cost of living index(1987 - 100)	142.4	143.8	144.7
Exchange rate - 1 Kuwaiti dinar	$3.32	$3.44	$3.63
Exports and re-exports	10,476	7,235	8,355
Imports (CIF)	5,932	5,893	5,293
Trade surplus	4,544	1,342	3,062
Imports from U.S.	550.6	656.6	504.6
Exports to U.S.	198.1	307.1	568.6
U.S. trade surplus	352.5	349.5	-64.0

CENSUS DATA

	1980	1985	1987/88	Average Annual % Change
Population (000's)				
Total	1,358	1,697	1,872 E*	4.6
Kuwaiti	566	681	739 E	3.8
Non-Kuwait	792	1,016	1,133 E	5.1
Labor Force				
Total (000)	492	670	700 E	
Percent Kuwaitis	21.9	18.9	17 E	
Percent Non-Kuwait.	78.1	81.1	83 E	
Literacy rate				
(10 yrs. & over)	71.1	77.5		
Unemployment rate (%)	1.8	1.5		
Unionization of labor			27,000	4 percent

	Kuwaitis	Non-Kuwaitis
Life expectancy at birth	68.2	70.0
Time in labor force	31.9	47.2
Average age for beginning work	20.6	19.1
Average retirement age	52.0	66.3

(Working life figures have not been compiled for females)

*E - Estimated

OVERVIEW OF KEY LABOR ISSUES

Kuwait's labor scene in 1987-88 continues to be dominated by long-standing issues, the first and foremost of which was reducing the country's dependence on foreign labor. Security concerns and the employment needs of Kuwaiti youth gave further impetus to the government's ongoing effort to trim the expatriate work force. Reportedly, because of the Government's efforts in this regard, several hundred relatively high paid western executives left Kuwait. The Government's priority objective in this effort is to achieve "demographic balance," or parity, in the numbers of citizens and foreigners in the overall population by the year 2000. In the mid-1970's, the Government proclaimed its commitment to "Kuwaitization," the gradual replacement of foreign workers with Kuwaitis. Based on the latest estimated figures, 60 percent of Kuwait's population are foreigners (1 million-plus), and Kuwaitis number over 700,000. A more important figure is that foreigners make up 83 percent of the work force. While it is true the number of Arab expatriate workers continued to fall in 1987-88, they were replaced by lower-paid Asians.

Training Kuwaitis to assume a more active role in the economy continues to be another key labor concern in 1987-88. The Public Authority for Applied Education and Training, a semi-autonomous government body, continues its campaign began during the previous period to provide handicapped Kuwaitis with job skills. The organization also sought to enhance, reportedly with some success, the prestige of vocational training institutes by pushing to have them accredited at the university level.

Improving the efficiency and productivity of the expanding government bureaucracy continues to be a major concern and observers believe some success was achieved during 1987-88.

These developments, as they did during 1986-87, occurred against a backdrop of relatively tranquil labor-management relations in 1987-88. There were no reports of strikes or other labor disturbances in the Kuwaiti sector of the work force and only a few instances of discontent reported in the non-Kuwaiti sector of the work force. It appears that during 1987-88, as in past years, whatever labor-management disputes arose were settled peacefully through arbitration or in the courts. Meanwhile, efforts were continuing to change Kuwait's outdated labor code.

Kuwait's trade unions have around 27,000 members, who represent less than 4 percent of the total work force. Historically, the labor movement, concentrated chiefly among civil service and petroleum workers, has had few bread-and-butter issues to promote, given the high wages and good working conditions offered Kuwaitis. Government officials have made it clear that in return for these benefits, Kuwaiti workers are expected to support government policies and steer clear of any labor unrest.

KUWAIT'S LABOR FORCE

According to figures available in 1987-88, expatriates continue to dominate the work force. Whereas in 1980, according to that year's census, around 22 percent of the country's 491,500 member work force had been Kuwaiti, only 18.9 percent of the 670,385-strong labor force was Kuwaiti in 1985. In 1987-88 the percentage reportedly dropped to about 17 percent. Reflecting the growing youthfulness of the Kuwaiti citizenry (whose median age is 16), 35 percent of Kuwaiti males had been economically active in 1975, while 12-13 years later the figure was 31.9 percent. In addition, the growing proportion of Kuwaiti females in the work force did not prevent the continuing influx of expatriate labor. The following statistics on the government's issuances and cancellations of foreigners' work permits over the period 1983-85 documents the ongoing increase, albeit at declining rates, in foreign manpower.

YEAR	NEW PERMITS	CANCELLATIONS	NET INCREASE
1983	86,075	21,773	64,302
1984	39,422	24,567	14,855
1985	35,789	27,610	8,179

No statistics are available for 1986-88, but we assume arrivals of expatriate workers continued to outstrip departures, if only by a narrow margin.

The Kuwaiti manpower component continues to be concentrated in a few sectors of the economy. About 90 percent of all working Kuwaitis are in the civil service and public sector. The remainder are found primarily in such high-paying fields as banking and finance and senior management of private firms, or in less remunerative but prestigious professions, such as university teaching. Expatriates enjoy a near monopoly in various sectors: as of 1985, 98.8 percent of those involved in construction were non-Kuwaiti, as were 92.3 percent of all manufacturing workers. The military and police force are staffed by Kuwaitis.

Although no statistics are available, informed observers believe an increasing number of women came into the work force, particularly in office work and as teachers and nurses.

The effect of "Kuwaitization" has been pronounced in the government's bureaucracy and in the judicial and academic fields. Today, there are few expatriates in senior civil service positions, i.e., at the rank of Assistant Under Secretary and above. In Kuwait's judiciary, it is estimated

that more than 40 percent of the judges are Kuwaitis, compared to 22 percent 12 to 13 years ago. The proportion of Kuwaitis on the faculty of Kuwait University has risen steadily over the years, and most of the university's top administrative personnel are nationals.

THE GROWING ASIAN WORK FORCE

The 1985 census results indicated that the foreign composition of the labor force was indeed changing, with the replacement of Arab expatriate workers by Asians. The latter constituted 42 percent of Kuwait's manpower in 1985, up from 21 percent in 1975. Over the same 10 year period, the non-Kuwaiti Arabs' share of the labor force declined from 49 percent to 38 percent. The Asian workers arriving in Kuwait in the past few years have tended to come not from Kuwait's traditional sources of Asian labor, India and Pakistan, but from such countries as the Philippines, South Korea, Thailand, Sri Lanka, and the Peoples Republic of China. The vast majority of these recent Asian entrants fall into two occupational categories: construction workers (Chinese, Thai, South Korean) and domestic help (Filipino, Sri Lankan). During the period from 1985 to 1987-88, the non-Kuwaiti component of the work force increased by about 2 percent.

VOCATIONAL EDUCATION

In 1987-88, the government continues to count on its system of vocational education to equip the Kuwaiti population to assume more of the economy's technical and skilled blue collar positions. Several years ago the government moved to streamline and consolidate that system. It placed the country's vocational training institutes and the training programs of government ministeries under the overall supervision of the recently created Public Authority for Applied Education and Training. This organization enjoys considerable autonomy from the government, reporting only to the Council of Ministers. The Public Authority is headed by a board composed of leading academic, manpower specialists, and vocational training experts. According to one of the senior officials of the Authority, the Authority has had some success in 1987-88 in encouraging Kuwaiti youths to attend vocational training programs. However, the official stated that foreign skilled labor and technicians will be required in Kuwait for at least the next 10 years.

CIVIL SERVICE REFORM

In 1987-88, the Government continued its effort to improve the productivity of its civil service, which is the largest employer in Kuwait. Based on the Civil Service Reform Plan of the "Supreme Committee for Modernization of the Administrative System" which was headed by Crown Prince and Prime Minister Shaikh Saad Al-Abdullah, the Government began shifting some governmental programs from the National, Ministerial level to the Governorates. The plan also called for the reclassification and consolidation of numerous civil service positions. It is not yet clear how much success the Government is reaping from the moves.

TRANQUIL LABOR-MANAGEMENT RELATIONS

Kuwaitis: Although strikes are legal, Kuwait remains free of any major disturbances for various reasons. To begin with, the Government has seen to it that all citizens share in the benefits of the country's tremendous oil wealth. As part of its commitment to ensuring Kuwaitis a comfortable standard of living, the government, in effect, guarantees employment in the public sector. The recent economic downturn has not been so severe as to restrict the government's ability to act as employer of last, and often first, resort. Nor has the downturn caused any limitations on the government's generous retirement system which may well be the most liberal in the world. While it is true that the downturn has meant no across-the-board pay hikes in the past several years for many civil service and public sector employees, the Government has provided promotions and periodic "incentive" payments to mitigate the effect of frozen pay scales.

In short, Kuwaiti workers, and the unions representing them have few labor issues over which to strike or otherwise disrupt the tranquil relationship with the Government and management. Whatever grievances arise are usually settled either through arbitration or in the courts.

Non-Kuwaitis: Most non-Kuwaitis do not enjoy all of the benefits and good working conditions of their Kuwaiti counterparts. However, they are undoubtedly much better off than they would be if they were working in their own countries. This and the possibility they could be deported if they cause trouble are probably the primary reasons there have only been periodic incidents of discontent among the non-Kuwaiti sector of the work force in 1987-88. These incidents concerned the non-payment of wages and abuse of female domestics, most of which we believe were amicably settled.

PROFILE OF THE TRADE UNION MOVEMENT

Kuwait's labor movement was founded shortly after the country achieved full independence in 1961; by 1964, employees in various government ministries and the petroleum industry had formed unions. Today, Kuwait's labor movement has about 27,000 members organized into 13 unions. All but one of the 13, that of the bank workers, are affiliated with the Kuwait Federation of Trade Unions (KFTU). Of the 12 KFTU affiliates, nine represent civil service workers in ministries and other government bodies, while the remaining three are composed of petroleum and petro-chemical workers. The vast majority of the union members are Kuwaiti. Expatriate workers resident in Kuwait for a minimum of 5 years are entitled to join unions as non-voting members, and they cannot hold office. Kuwaiti labor law also stipulates that for any new union to be formed, it must include at least 100 Kuwaitis.

INTERNATIONAL ACTIVITIES

The KFTU, grouping nine civil service unions and three oil sector unions, is a member of the International Confederation of Arab Trade Unions (ICATU) as well as the World Federation of Trade Unions (WFTU). The remaining Kuwaiti union, representing the bank workers, has eschewed affiliation with Communist-controlled labor organizations.

Both the KFTU and the Ministry of Social Affairs and Labor are active in the International Labor Organization (ILO) and its regional counterpart, the Arab Labor Organization (ALO). The local ILO office was established 14 years ago. It provides the government and unions with technical assistance in the areas of vocational education and manpower planning.

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